



## **Treasury Inspector General for Tax Administration**

### **FISCAL YEAR 2007 STATUTORY REVIEW OF COMPLIANCE WITH LEGAL GUIDELINES WHEN ISSUING LEVIES**

**Issued on April 20, 2007**

## **Highlights**

Highlights of Report Number: 2007-30-070 to the Internal Revenue Service Commissioner for the Small Business/Self-Employed Division.

### **IMPACT ON TAXPAYERS**

The Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 requires the IRS to notify taxpayers at least 30 days before initiating any levy action to give taxpayers an opportunity to formally appeal the proposed levy. TIGTA determined that the IRS has sufficient controls in place to ensure that taxpayers are advised of their right to a hearing at least 30 days prior to a levy action.

### **WHY TIGTA DID THE AUDIT**

When taxpayers do not pay delinquent taxes, the IRS has the authority to work directly with financial institutions and other third parties to seize taxpayers' assets. This action is commonly referred to as a "levy." The IRS Collection function issues levies.

This audit was initiated because TIGTA is responsible annually for determining whether the IRS complied with the IRS Restructuring and Reform Act of 1998 requirement to notify taxpayers prior to issuing levies. This is the ninth audit report on this subject area.

### **WHAT TIGTA FOUND**

The IRS is protecting taxpayers' rights when issuing systemically generated and manually prepared levies. TIGTA reviewed 60 levies identified through the Automated Collection System and Integrated Collection System and determined that systemic controls were effective to ensure the taxpayers were given notice of their appeal rights at least 30 days prior to the issuance of the levies. In addition, TIGTA identified 60 manual levies issued by employees on those same systems and determined that all the taxpayers were given notice of their appeal rights at least 30 days prior to issuance of the levies.

### **WHAT TIGTA RECOMMENDED**

TIGTA did not make any recommendations in the report. However, key IRS management officials reviewed the report prior to issuance and agreed with the facts and conclusions presented.

### **READ THE FULL REPORT**

To view the report, including the scope, methodology, and full IRS response, go to:

<http://www.treas.gov/tigta/auditreports/2007reports/200730070fr.pdf>.